

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 01174 161614 Z

43

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 TRSE-00 COME-00 AGR-20 EA-11 L-03

CIAE-00 INR-10 NSAE-00 RSC-01 FRB-02 OPIC-12 RSR-01

/097 W

----- 079757

P 161513 Z MAY 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 1048

INFO AMCONSUL WINNIPEG

C O N F I D E N T I A L OTTAWA 1174

E. O. 11652/ XGDS1

TAGS: ESTC, CA

SUBJECT: FAC LICENSE APPLICATION FOR WHEAT FLOUR TO NORTH KOREA

1. MR. LOGAN R. BROWN, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF ROBIN HOOD MULTIFOODS LTD ., MONTREAL, WHOLLY- OWNED SUBSIDAIRY OF INTERNATIONAL MULTIFOODS CORPORATION OF MINNEAPOLIS, CALLED ON ME MAY 14 TO ASK THAT I LOOK INTO STATUS OF PARENT COMPANY' S APRIL 4 APPLICATION TO U. S. TREASURY FOR FAC LICENSE TO SHIP 300,000 HUNDRED- WEIGHT OF CANADIAN WHEAT FLOUR FROM CANADA TO NORTH KOREA. I UNDERTOOK TO COME BACK TO HIM MAY 16.

2. IN MAY 15 TELECON WITH EUR/ CAN WE LEARN THAT INTERNATIONAL MULTIFOODS' FAC LICENSE APPLICATION IS UNDER ACTIVE CONSIDERATION, AND WE WILL SO REPORT TO BROWN. WE UNDERSTAND, HOWEVER, THAT WE CANNOT SPECULATE WHEN MULTIFOODS WILL RECEIVE A DEFINITIVE ANSWER FROM TREASURY AND, MOREOVER, THAT THERE MAY BE SOME DISPOSITION TO DISAPPROVE THE APPLICATION OR APPROVE IT ONLY AFTER NSC CONSIDERATION.

3. I URGENTLY RECOMMEND APPROVAL. EQUALLY IMPORTANT, I RECOMMEND APPROVAL AS SOON AS POSSIBLE. I BASE BOTH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 01174 161614 Z

RECOMMENDATIONS ON OVERRIDING CONSIDERATIONS OF FOREIGN
POLICY DERIVING FROM THE FOLLOWING SPECIFIC REASONS:

(A) I UNDERSTAND FROM MULTIFOODS THAT ROBIN HOOD'S
300,000 HUNDREDWEIGHT ORDER IS PART OF AN 80,000
METRIC TON ORDER OF WHEAT FLOUR FOR NORTH KOREA WHICH
HAD ITS GENESIS IN A NORTH KOREAN APPROACH TO THE
CANADIAN WHEAT BOARD AND WHICH HAS CANADIAN GOVERNMENT
APPROVAL AND CANADIAN GOVERNMENT FINANCING.

(B) OUR DENIAL OF FAC LICENSE APPLICATION WOULD
NOT THWART A 300,000 HUNDREDWEIGHT SHIPMENT WHICH
SOME OTHER CANADIAN MILL WOULD SUPPLY INSTEAD, BUT
MERELY COMPLICATE THE CANADIANS' DELIVERY OF THE FULL
ORDER.

(C) WE HAVE NO INDICATION TO DATE OF PUBLIC
KNOWLEDGE OF, OR CANADIAN GOVERNMENT CONCERN OVER,
THE PORTION OF ORDER SUBJECT TO FAC LICENSE. BUT
THE LONGER IT TAKES TO RESPOND TO MULTIFOODS, THE
GREATER IS THE RISK OF THIS TRANSACTION BECOMING
PUBLIC KNOWLEDGE AND BEING BLOWN UP IN THE CANADIAN
MEDIA AND OTHER QUARTERS, INCLUDING PARLIAMENT, AS
ANOTHER CAUSE CELEBRE IN THE EXTRA- TERRITORIAL APPLICA-
TION OF U. S. LAWS AND REGULATIONS. WE HAVE HAD NO
SUCH EXPERIENCE IN AT LEAST THE LAST 2 YEARS AND
FOR SOME SUCH CASE TO ERUPT AT THIS TIME WOULD BE
PARTICULARLY DAMAGING TO U. S. INTERESTS IN CANADA.

(THE PISCES IV DEEP- DIVING SUBMERSIBLE WAS OF A
DIFFERENT CHARACTER: IT INCORPORATED U. S. ORIGIN
TECHNOLOGY AND COMPONENTS.)

(D) I HAVE IN MIND PARTICULARLY THE \$24 BILLION
U. S. DIRECT INVESTMENT STAKE IN CANADA AND THE
FOREIGN INVESTMENT LIGISLATION PRESENTLY AND QUIETLY
PENDING IN PARLIAMENT. HEARINGS ON THIS LEGISLATION
SHOULD BEGIN THISMONTH. PUBLIC FUROR OF A MAGNITUDE
OUT OF ALL PROPORTION TO THE INTRINSIC IMPORTANCE OF
300,000 HUNDREDWEIGHT OF WHEAT FLOUR WOULD IN OUR
JUDGMENT CALL FORTH AMENDMENTS AND PROPOSALS MAKING
IT MORE OWNEROUS ON U. S. INTERESTS THAN IT
PRESENTLY IS LIKELY TO BE.

(E) FINALLY, OVER THE PAST TWO YEARS WE HAVE
CONTINUED TO HAVE THE QUIET AND EFFECTIVE
COOPERATION OF GOC OFFICIALS IN THE EXCON FIELD
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 01174 161614 Z

GENERALLY, PARTLY ON THE BASIS THAT WE HAVE PROMISED
AND DELIVERED PROMPT AND FLEXIBLE ACTION IN
INDIVIDUAL CASES. IN MY OPINION PROMPT TREATMENT OF
THE INSTANT CASE IS AS IMPORTANT AS FLEXIBLE AND
AFFIRMATIVE TREATMENT, IN ORDER TO AVOID UNFAVORABLE
PUBLICITY THAT COULD ENSUE EVEN IF LICENSE APPROVE
BUT ONLY AFTER ADDITIONAL DELAY. (WE NOTE

ROBIN HOOD' S ORIGINAL APPLICATION, RETURNED WITHOUT
ACTION BY U. S. TREASURY FOR SUBMISSION BY U. S.
PARENT, WAS DATED MARCH 21.)
SCHMIDT

CONFIDENTIAL
NMAFVVZCZ

*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OTTAWA01174
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730546/aaaajhal.tel
Line Count: 121
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by freemaal>; APPROVED <02-Nov-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980217
Subject: FAC LICENSE APPLICATION FOR WHEAT FLOUR TO NORTH KOREA
TAGS: ESTC, CA
To: EB
SECSTATE WASHDC
WINNIPEG
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005